

How these Mech Engg. Batchmates from small towns bootstrapped one of the most resilient StartUps in UsedCars Space

From scratch to INR 50Cr revenue in 6Years !! This is a true LoveStory if you believe.....



Haryana, Gurgaon, Jun 18, 2021 ([Issuewire.com](https://www.Issuewire.com)) - Gurgaon based StartUp, **AutoRehman@** is a hyperlocal clicks-to-bricks model **Pre-Owned Cars Venture** to try to solve the UsedCar enigma at the grassroots with technology & innovation for a highly fragmented ecosystem in the rapidly growing UsedCar space which makes their customers' and incumbents' lives easier with their 360° approach of N2N services under one roof!

UsedCar Market in India albeit at a whopping 6.5Mn transactions per year and a CAGR of 15% which translates to roughly \$25Bn USD direct revenue per year is fragmented at best and disorganised at worst .86% of the market share is dominated by grey market unorganised dealings and transactions. Alas !! (Source: IBB, Statista, ET Auto)

Interestingly enough in 2012-13 if UsedCars as a Startup Idea in a market infested with Cons and Crooks and brokers of dubious credentials nay double standards was a tough nut to crack, no less astonishing was the fact that one of the CoFounders was a girl.

Meet Tasneem, she is a Mechanical Engineer (B.Engg from RGPV Bhopal) 2003, statistically speaking she was in the 0.5% of the girls in the Mechanical Engineering class of 2003 and a topper in that! When girls in her peer were getting married and sailing offshore, she was signing her 1st Job at BALCO Plant as a Project Supervisor at the Hot Rolling Mill division.

#FightsLikeAGirl

How did it all begin

The Story of this StartUp in a sense begins in the year 2009, It was a terrible and unforgiving (but usual) summer in Delhi. Tasneem had previously moved to the city and was toying with the idea of buying a car for her daily commute to her new job at GMR at D.I.A.L Airport

She started circulating her need in peer circles and that's when she found one of her old buddies from college was working as GM sales with the biggest Maruti Suzuki dealership chain in Delhi NCR as General Manager and was handling an SBU as Branch in-charge

Meet M [dot] Rehman, another maverick in our story, he was the dude who wanted to get into UPSC: Civil Services and was preparing since his college days. As fate had it, he couldn't make it to the final lists even after investing 4 glorious attempts but made great learning on perseverance and grit which were to remain his companions for the rest of his life. He was a fast riser in his corporate career as if trying to compensate for the lost years in IAS preparation. In flat 4years he was Chief Operating Officer with the oldest Maruti Suzuki dealership Chain of NCR by 2012.

The Story Continues....betrayal & retribution!!

But it was 2009 yet & Tasneem rang up to Rehman for helping her find a Used Car, who was more than happy to help but at the cost of a coffee! So they met casually in the evening at a café called Indian Coffee House in Connaught Place Delhi.....discussed in detail her budget and options for her UsedCar purchase. Little did they know that this friendly chat with an old college friend over a cuppa was going to

change their professional and personal lives forever!

They both were Engineers (Mechanical) and were smart and worldly-wise people, both car enthusiasts, one of them even worked at a Car Dealership in a respectable position. But, as destiny had it in store for them; the used car searching, sorting, evaluating, and buying experience was a nightmare for them and the transaction turned out to be a fiasco. The car they finally bought turned up a lemon and they could realise only a few weeks later that they had been dupedbig time! Their own trusted people dumped a rotten car on them and it was all a big messthey both laugh about it now. Although it was not a 'laughing matter' then. The money and the time lost made an irreplaceable dent in their young psyche.

But, resolute as they have been known in their circles, they took that to their hearts and resolved to change the market for the better in almost a retributive justice fashion.

They were seeking reparations not from the people who took them for a ride but from the system that breeds info asymmetry into such practices and they took on a mission to change the Status Quo in favour of the gullible buyers who put trust in the wrong people and get experiences that they don't deserve.

2012 Was the 'Annus Mirabilis': The year of the Miracles !!

2012 was really the culmination of an extraordinary turn of events for the founders as well as the idea of a UsedCar StartUp which was cooking up for a long time at the backburner.

Rehman & Tasneem moved in and were living together, Tasneem cracked GMAT with a fairly good percentile, Rehman had a moment of insight & saw an opportunity in the growing 4G penetration. He thought (and quite aptly) that the fast-growing Internet penetration and upcoming mobile-first focus of the masses are the David for the Goliath of a behemoth that they were trying so long to find the Achilles' heel of.

Now the path was clearer, they had to find the ways and means to ride on the technology wave which was sweeping India and in the process solve the problems of the inefficient and fragmented UsedCar Market step by step.

It was decided: Rehman will resign and StartUp full time to start implementing solutions at the grassroots level; which have so far been cooked and theorised in blueprints only. Tasneem was to put in papers and join SPJIMR Mumbai for a full-time residential MBA.

A proprietorship firm 'Credit Wright' was floated to keep the compliance and taxation cost minimal in the Q1 of 2012. A 10X10 office (*SCO-65 as it was known then*) was rented out and interiors were done by investing the savings & maxing out the credit cards!

First Year first hurdle: When Rehman was researching they were early to realise that **people do want to sell and buy among themselves** within their peers (at least when they knew each other fully well) and so desperately did the people want to eliminate the crafty middleman from the deal, but various impediments and logistic bottlenecks impaired them to do so, viz-Lack of access to transaction mechanisms including but not limited to Loan availability, Insurance availability and /OR transfer, RC transfer headaches, etc.

"So it was decided that the first vertical we will enter is that of Loan facilitation for people trying to buy a UsedCar. A separate brand called Dr.Loan™ was floated for the purpose (to keep the

AutoRehman@ branding intact and reserved for launching later) The idea was to solve the puzzle piece by piece till we had a snug fit and used car loan facilitation was the right step towards just that.” ...Quips Rehman almost philosophically!

First Set of Customers: They tied up with various Banks & NBFCs operating in the space as their Channel Partner associates starting with Mahindra Finance, ICICI Bank Ltd, and Magma Finance as the first ones to offer a facility called RC limit to the newcomers. Now they started to take on the first set of customers who wanted to buy/sell amongst themselves but could not do so due to Loan requirements.

The founders kept their model free of commission and/OR brokerage from the customers, instead, they received payouts from Banks/NBFCs and Insurance companies. In fact, this **Zero Brokerage model** was a hit, and they started gaining traction soon, but break-even was still not in sight and Tasneem had to mortgage her car at 2.5Lac Rs for gaining some oxygen for the business & her hostel fees!

To expand the customer base they targeted **Taxi companies** in Delhi NCR: OLA was also shaping up in 2013 and they landed up some exclusive corporate tie-ups for arranging retail Car finance for OLA, Meru, Taxi for Sure, SuperCabz, under DCO Model-(Driver Cum Owner) and this really got the ball rolling, they were Ramen (Maggie) Profitable by the end of the year and shifted to a bigger office in 2013 within the same locality. *(SCO 30 as it's fondly called in the founders' circle)*

Step by Step: The next segment of the customer they targeted were the people who wanted the loan on a used car but the car was with some XYZ curbside dealer. They knew from the start that any viable Used Car Business Model could not do without taking the incumbents (Local UsedCar Dealers) in the equations and there were many of them following hygienic business practices. So why not... Now was the time to take the bull by horns and they made presentations to a series of good dealers with the idea of helping their customers to avail Car Finance at their dealership only. And to their surprise the dealers were super happy that professionals were entering into this arena; so far dominated by freelancers and small-time DSAs.

1st Technology Intervention: And to keep this end a top priority they had to tie up with almost a whole spectrum of financiers ranging from HDFC, Kotak, Tata Capital, Reliance Capital, Magma, SriRam, Mahindra Finance, ICICI, and many others to broaden their net of creditworthiness of the borrower profiles. This became their USP of sorts in the industry so far plagued with a high rejection ratio. In fact, they devised an in-house application (Genie™) to suggest the correct Bank/NBFC for the borrowers' profile and they could actually bang the nail in the head under their First Time Right approach.

This goodwill amongst the dealers not only enriched their own knowledge repository but also improved their unit economics! How?

Park & Sell Introduced.

Simple, the dealers who benefitted from increased sanction ratios, wanted to keep their inventories at the gates of the StartUp's office as they saw better footfalls here!! And thus Park&Sell Model was adopted after qualifying and curating the list of dealers and it got smoothly integrated into the scheme of things. The sales register was ringing and within 2years they managed to clock a net earning of 2Mn INR with some profit and PAT positivity.

The Next Orbit!

SO far so good, but there were scalability issues with Park & Sell, quality control issues, parking area issue, guarding issues (sometimes the cars were brought daily and bid adieu daily in the night) so it was decided to find a bigger space as a parking yard but that was quite a commitment and investment was sizeable too. Angel investors/ Seeders were not too keen to jump in an asset-based model in 2014 and the firm's financials were still in nascent stages to secure any sizable business loan, but Rehman was insistent to go ahead with the plans, so much so that he mortgaged his ancestral house and Tasneem took a million INR in PL. The stakes were high and product risk was substantial, but they could not afford to keep doing only loan facilitation always and urgently needed to experiment with their ideas of improving the UsedCar value chain in the real settings, thus going ahead was the only options.

Funds were pooled and a decently large office cum parking yard space was found on the main road (Atul Kataria Chowk). Beautiful interiors and quite a place did they build within a meager sum but sure as egg they were in for a nasty surprise around the corner!!

Mayday Mayday Mayday.....!!

The Idea of coming on the main road with a handsome office and increasing clout in the circle perhaps didn't go down well with the dealer cartel and suddenly they started seeing AutoRehman® the brand as a competitor and the supply of dealers cars for Park & Sell somewhat vanished from the scene, the Loan business did keep coming though, but that was grossly insufficient for keeping afloat the bigger space and the StartUp was bleeding money month on month on negative cash flows. The teeming success in fact backfired for the StartUp in a weird fashion.

AutoRehman® took a shot in rudder and was losing altitude rapidly in a tailspin with a smoke trail, and to add insult to the injury in words of Rehman, they experienced a good many footfalls at their new store basis their goodwill asking for PreOwned Cars but where were the Cars? They were caught in a catch-22.

Angels with an Agenda!

With dwindling numbers and haywire vanity matrices it would have been economic hara-kiri to go for devoting time to full-time fundraising during such times to equity investors.

AutoRehman® was a sinking ship after hitting the iceberg, most people thought it was a matter of time when. One local dealer partner though (CODE NAME: RS) who has known Rehman from Maruti days, thought differently and knew that he can bet on the team. The StartUp just needed a fighting chance. AutoRehman® needed funds to procure its own vehicles if the dealers' vehicles are not coming in Park & Sell mechanisms to sustain the setup and buy time to keep experimenting with Business models & tech Innovations so far developed in theory.

But RS had a peculiar request he was ready to formalise an Angel investment up to 1Cr INR but AutoRehman® has to go under a more organised franchisee of either Mahindra First Choice /OR Carnation etc which were more established thus in a way mitigated the risk on his investment. He did not want any equity (Thus the firm continued as a Proprietorship) he just wanted 25% of profits (carry) made on every vehicle bought with his money. And the 1Cr that he invests on-call basis should also be a returnable on-call basis. Though RS was within his rights to need a security net on his investments, the team was initially taken aback a little to CoBrand with any franchisor. But the founders have by now learned the art of survival in a Sun Tzu fashion and they just wanted to live today to fight another day.

Thus Mahindra First Choice co-branding was adopted with AutoRehman® in the Year 2015. Later

another firm was floated with CarTrade co-branding just to understand the model inside out, which was eventually dissolved.

Some call it to meander Some call it to pivot.

The franchising decision did prove truly pivotal in the journey for StartUp as it not only helped them survive and scale but also breathed anew into their operating margins and most importantly into the learning curve. AutoRehman® could completely return the so-called 'Angel Investment' of 1.25Cr borrowed from RS within 2Years, an ancestral mortgage was paid off and closed, Tasneem's personal loan was foreclosed and the turnover skyrocketed 10X to aggregate 50Cr by the end of 3rd year and to top the cake with icing, now the firm's financials stood testimony of their success and by 2017 they could attract a 1 Crore INR investment for working capital from Mahindra First Choice, another crore from Car24, 50Lacs from Cardekho, another 50 from OLX and so on and so forth. Customers loved the experience at AutoRehman® with their 360° approach offering end-to-end ownership solutions for their car needs.

Land Ahoy...!! It was time for, AutoRehman® to shift gears and they took one of the biggest spaces in NCR for a full-stack UsedCar setup, over 25000Sq ft office cum yard. Where they house their workshop, paintshop, showroom, office & spare part store.

Rapidly iterating their operational model AutoRehman® devised a synergetic Business Model with stepwise innovation in ways of doing business and technology enablers to be in sync with current realities, where multiple firms have started venturing laterally into the UsedCar business starting from Carnation, CarDekho, CarTrade, OLX which saw the investors interest burgeoning in the AutoTech segment and some new Business Models like Droom and Cars24 were also being tried.

AutoRehman® learned quickly that there's no need to reinvent the wheel always, especially where exclusive OR non-exclusive strategic partnerships could pave the way. AutoRehman stays one of the most awarded StartUp in NCR from almost every incumbent in the Goldilocks Zone and claims to have developed its own blueprint of holistic solutions to a multitude of the problems still ailing the UsedCar ecosystem they call it **Code Name: UCEnigma**.

Love finds a Way...In the midst of numerous another day to day challenges of running a business, the eye of the storm could blossom Love between Tasneem and Rehman; they have known each other for more than two decades now and finally got married in a court in 2017 against the wishes of their respective families. Now they have a naughty 3YO daughter they have named her INDIA.....perhaps after the name of the Cafe' where they met at the start of this story or something else, they just held hands, smiled mysteriously and didn't care to answer....!

The Show Must Go On

While AutoRehman was comfortably stationed in its geostationary orbit, the StartUp couple were not the ones to take a rest and avoid pushing their limits. In fact, undeterred by two unfortunate tragedies of fire and deluge at their head office they opened another 5000Sqft store in 2018 in Manesar which had to be closed during Covid wave 1.

At the time of writing this story, the duo was recovering from a personal tragedy; Rehman lost his mother to Covid wave 2. Their spirits remain undimmed though and they were working tirelessly to their vision

of coming out as winners in organising the Indian Pre-Owned Car Market. Of course this time they are better poised for equity-based funding and the scale they were eyeing for so long. To tide through the lack of footfalls during the pandemic, they are targeting to launch P2PCarz mobile app in beta for buyers and sellers by July 21.

Our best wishes to the resilient Entrepreneurs!! More power to their elbows.

Media Contact

AutoJourn

credit.wright@gmail.com

Source : AutoRehman®

[See on IssueWire](#)

